

# MINUTES

December 5, 2007

(Agenda Item 2)

California Debt Limit Allocation Committee  
Jesse Unruh Building  
915 Capitol Mall, Room 587  
Sacramento, CA 95814

OPEN SESSION

## **Call to Order and Roll Call** (Agenda Item 1)

Treasurer Bill Lockyer, Chairperson, called the California Debt Limit Allocation Committee (Committee) meeting to order at 1:35 p.m.

Members Present: Bill Lockyer, State Treasurer  
Anne Sheehan for Arnold Schwarzenegger, Governor  
Rick Chivaro for John Chiang, State Controller

Advisory Members Present: Theresa Parker,  
California Housing Finance Agency (CalHFA)  
  
Chris Westlake, representing Lynn Jacobs,  
Department of Housing and Community Development (HCD)

Quorum: The Chairperson declared a quorum

## **Approval of the Minutes of the November 14, 2007 Meeting** (Agenda Item 2) (Action Item)

Anne Sheehan moved approval of the minutes from the November 14, 2007 meeting. Upon a second, the minutes passed with the following vote: Anne Sheehan; Aye; Rick Chivaro: Aye; Treasurer Bill Lockyer: Aye.

## **Executive Director's Report** (Agenda Item 3) (Informational Item)

Joanie Jones Kelly reported the following:

I would like to bring everyone up-to-date on the Universal application form.

CDLAC has been using the Universal Application on an abbreviated basis with projects that have originated at either CalHFA or HCD and beginning in March CDLAC will be using the Universal Application for all projects. Actually, we will have a dual application process for those of you who would like to continue using our existing applications may choose to do so and we will also have the Universal Application available for those projects that are bond only and for the Tax Credit Allocation Committee.

- There are six Exempt Facility applications. One project is a First Tier (Small Business) under regulatory mandate. The six projects are requesting a total allocation of \$461,135,000. Staff is recommending an Exempt Facility award of allocation \$165,660,000.
- In the Single Family Housing Pool there are four applications requesting Mortgage Credit Certificate (MCC) authority. Staff is recommending a MCC Fair Share allocation of \$20,438,662. There are four applications requesting Mortgage Revenue Bond (MRB) allocation. Staff is recommending a MRB Fair Share allocation of \$333,656,621. A total for Single-Family (MCC & MRB) Fair Share allocation of \$354,095,283.
- In the Qualified Residential Rental Pool there are a total of nineteen applications requesting allocation. There are two applications in the rural pool requesting an allocation of \$6,587,000, three applications in the mixed-income pool requesting an allocation of \$167,690,000 and fourteen applications in the general pool requesting an allocation of \$197,039,159.
- On the December Agenda there are a total of thirty-three applications, for all CDLAC Pools requesting \$1,285,302,523 in tax-exempt bond allocation.

**Consideration of Staff's Proposed Revisions to the Procedures of the California Debt Limit Allocation Committee (the Procedures) and Approval to Disseminate Proposed Revisions for a Public Comment Period** (Agenda Item 4) (Action Item)

Joanie Jones Kelly stated the following:

The California Debt Limit Allocation Committee (CDLAC) staff has drafted technical changes and clean-up language to the existing CDLAC Procedures. Attached is a copy of those proposed changes. The Draft Procedures were posted on the CDLAC website after the November meeting.

To date, CDLAC has received two formal comments regarding the proposed procedure changes. Sue Horne, Chair of the Regional Council of Rural Counties, wrote to express her concern regarding the Joint Powers Authority (JPA) clarification language and Andrew Rose, Attorney at Law, wrote to express his concern regarding the Exempt Facility Program Small Business definition.

CDLAC has scheduled a public comment hearing on the revised Procedures for January 10<sup>th</sup>, 2008 in Sacramento.

If the Committee agrees to release the Procedures for the official public comment period, which normally lasts 30 days, at the January meeting, we would present the Committee with a copy of all the comments with staff's recommendations, pro or con, the Committee would have the opportunity to either approve the Procedures at the January 23<sup>rd</sup> meeting, or if there are any open issues, the Committee has the discretion to implement another 30-day public comment period if one is needed.

Staff is recommending approval to release the CDLAC Procedures for the official 30-day public comment period.

Greg Norton, Executive Director, CRHMFA, stated that he does not support the change in language regarding the JPA participating jurisdictions, noting:

With combined resources, as a JPA, they are furthering the purpose of making homes affordable and financially sustainable for low/moderate income Californians.

Comments regarding: new bond allocations to CHF (as well as other single-family issuers) are typically blended with prepayments from prior bond issues as well as potential blending with taxable resources. This

blending of resources helps assure the maximum use of all old and new bond authority for California. It is our understanding that the proposed rules require an amount of loan origination collectively at least equal to the total new allocation to CHF used in a specific bond within the assigning jurisdictions do not apply to the jurisdictional use of recycled or taxable proceeds blended into the bond in regard to written assignment of rights to secure allocation, you have confirmed this requirement can continue to be met by letters from housing department directors and other appropriate staff of counties and cities as has been the case in prior years. We understand the letters are required from all jurisdictions assigning allocation.

Theresa Parker spoke on behalf of the fair-share allocation.

Theresa Parker and Greg Norton talked at length regarding the JPA's use of allocation

Mark Louder, CRHMFA, also spoke.

Joanie Jones Kelly stated that basically it has always been CDLAC's intent that a JPA acts on behalf of a local Government and we clarified that CDLAC doesn't have a problem as long as the local entity gives them their fair share and CDLAC knows that it makes sense for the smaller cities and counties because their fair share is so small for them to issue as a pooled resource through CRHMFA. CDLAC's concern, as far as the fairness issue, is for Cities like Los Angeles, where they apply to CDLAC for their own fair share allocation. It is not the intent of CDLAC for them to participate in CRHMFA and use another locality's fair share allocation because we have a limited amount of allocation and this is the issue that we are trying to clarify. As long as any local gives their fair share allocation to CRHMFA that is fine. Treasurer Lockyer stated that he believed Theresa Parker's question was if there was any use of this pool externally for some city or county outside of that pool.

Mark Louder stated that the pool is used throughout the members and the associate members wherever the origination would occur.

Anne Sheehan moved approval of staff's recommendation. Upon a second, the motion 3-0 with the following vote: Anne Sheehan: Aye; Rick Chivaro: Aye; Treasurer Bill Lockyer: Aye.

**Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Exempt Facility Projects and Awards of Allocation** (Agenda Item 5) (Action Item)  
Staff – Walter Akiyama

**a. Consideration of Appeals**

There is one appeal for this agenda item, Pacific Ethanol, Inc. Application #07-210. An application was submitted from the California Statewide Communities Development Authority (CSCDA) on behalf of Pacific Ethanol. Pacific Ethanol submitted an appeal letter to CDLAC on November 28, 2007. The written response to the appeal was provided to all Committee members with a copy of the appeal prior to the December 5, 2007 allocation meeting. Based on the clarification provided by Pacific Ethanol in the appeal and in discussions with the Company, staff is recommending that the project receive an award of allocation for \$35,000,000.

Joanie Jones Kelly stated that Pacific Ethanol, Inc. would be presented as a separate item to the Committee pending approval of Agenda Item 8.

**b. Consideration of Applications**

Joanie Jones Kelly stated that the following Agenda Item would be presented as a separate item to the Committee. Rick Chivaro has not rejoined the meeting.

Program Analyst Walter Akiyama stated the following:

The Committee received one first tier (small business) Exempt Facility application under regulatory mandate from the California Pollution Control Financing Authority (CPCFA) for EDCO Disposal Corporation. Staff is recommending an allocation award for EDCO Disposal of \$31,960,000.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
California Pollution Control Financing Authority (07-195)	EDCO Disposal Corporation	\$31,960,000	\$31,960,000

Anne Sheehan moved approval of staff’s recommendation. Upon a second, the item passed with the following 2-0 with the following vote: Anne Sheehan: Aye; Treasurer Bill Lockyer: Aye; Rick Chivaro: abstained.

Rick Chivaro rejoined the meeting.

Walter Akiyama continued his presentation of the following projects.

A second application was received from CPCFA for Air Products which is a second tier (large business). Staff is recommending an allocation award of \$33,900,000. Three second tier applications were received from the California Municipal Financing Authority (CMFA). Staff is recommending an award of allocation for the three projects; Allied Waste of North America \$33,900,000, Republic Services, Inc. \$32,000,000, and Waste Management, Inc. \$33,900,000.

Staff is recommending approval of \$133,700,000 in tax-exempt bond allocation for all four Exempt Facility projects.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
California Pollution Control Financing Authority (07-176)	Air Products and Chemicals, Inc., (Wilmington) & Air Products Manufacturing Corporation (Martinez)	\$47,000,000	\$33,900,000
California Municipal Financing Authority (07-023)	Allied Waste North America, Inc.	\$250,000,000	\$33,900,000
California Municipal Financing Authority (07-186)	Republic Services, Inc.	\$53,000,000	\$32,000,000

California Municipal Financing Authority (07-189)	Waste Management, Inc.	\$225,000,000	\$33,900,000
---	------------------------	---------------	--------------

Anne Sheehan moved approval of staff’s recommendation. Upon a second, the item passed 3-0 with the following vote: Anne Sheehan: Aye; Rick Chivaro: Aye; Treasurer Bill Lockyer: Aye.

**Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Single Family Housing Programs and Awards of Allocation** (Agenda Item 6)  
(Action Item) Staff – Sarah Lester

**a. Consideration of appeals**

There were no appeals.

**b. Consideration of applications**

Program Analyst Sarah Lester stated the following:

The Committee received four applications requesting Mortgage Credit Certificates (MCC) authority. The Housing Authority of the County of Marin requested their Fair Share allocation of \$952,550; the Housing Authority of the County of Tulare requested their fair share allocation of \$1,591,267; the City of Los Angeles requested their Fair Share allocation of \$14,893,831, and the City and County of San Francisco requested their Fair Share allocation of \$3,001,014.

The Committee received four applications requesting Mortgage Revenue Bond (MRB) allocation. The California Housing Finance Agency requested their annual allocation of \$310,000,000 for 2007. The CRHMFA Homebuyers Fund requested their Fair Share allocation for San Bernardino & Stanislaus Counties of \$9,480,124. In addition, CRHMFA Homebuyers Fund requested a Fair Share allocation from the CDLAC Bonus Pool of \$14,176,497 on behalf of 45 local jurisdictions.

CRHMFA is a Joint Power’s Authority (JPA) and is also requesting \$50,000,000 in 2007 carryforward allocation. However, CRHMFA’s request was not on behalf of any local jurisdictions. Based on Section 6.I.B. of the CDLAC Procedures, Applicants, such as a JPA, administering a local Single-Family Housing Program must submit on behalf of one or more local jurisdictions. Staff is not recommending approval of the \$50,000,000 in carryforward request based on non-compliance with CDLAC Procedures.

Staff recommends award of allocation sufficient to fund the MCC Program for \$20,438,662 and the MRB Program for \$333,656,621 for a combined Single-Family allocation of \$354,095,283.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
Housing Authority of The County of Marin (07-179)	MCC Program	\$5,000,000	\$952,550
Housing Authority of the County of Tulare (07-185)	MCC Program	\$1,591,267	\$1,591,267

City of Los Angeles (07-192)	MCC Program	\$14,93,931	\$14,893,831
City and County of San Francisco (07-211)	MCC Program	\$20,000,000	\$3,001,014
CRHMFA Homebuyers Fund (07-168)	MRB Program (Bonus Pool)	\$41,886,042	\$14,176,497
CRHMFA Homebuyers Fund (07-193)	MRB Program	\$9,480,124	\$9,480,124
CalHFA (07-197)	MRB	\$310,000,000	\$310,000,000

Anne Sheehan moved approval of staff’s recommendation. Upon a second, the item passed 3-0 with the following vote: Anne Sheehan: Aye; Rick Chivaro: Aye; Treasurer Bill Lockyer: Aye.

Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Bonds for Qualified Residential Rental Projects and Awards of Allocation (Agenda Item 7) (Action Item)  
Staff – Joanie Jones Kelly

**a. Consideration of appeals**

There are no appeals.

**b. Consideration of applications**

Joanie Jones Kelly stated the following:

**The Rural Pool**

The Rural Pool received two (2) applications a total of \$6,587,000.  
Staff recommends approval of \$6,587,000 in bond allocation to fund both applications as requested.

**The Mixed Income Pool**

The Mixed Income Pool received three applications for a total of \$119,690,000.  
One project in the Mixed Income Pool exceeds the \$30 million project cap per project imposed by Section 17.IV of the CDLAC Procedures. The project is 07-159 Montague Residence Apts. Located in Santa Clara County for \$97,500,000.

Staff recommends the award of allocation sufficient to fund all demand for allocation in the Mixed Income Pool a total of \$119,690,000.

The Committee voted on 07-040 Holly Ranch Village Apartments; 07-208 Woodlake Manor Apartments; 07-183 Broadway Plaza Apartments, and 07-199 Essex Moorpark Apartments.

Anne Sheehan moved approval of staff’s recommendations. Upon a second the items passed 3-0 with the following vote: Anne Sheehan: Aye; Rick Chivaro: Aye; Treasurer Bill Lockyer: Aye.

Staff is recommending the Committee waive the maximum allocation amount for application 07-159 Montague Residence Apartments, based on the demand for rental projects is such that the maximum allocation amount is not warranted due to the lack of competition and there will be excess allocation for the current round.

Anne Sheehan moved approval to waive the current cap of \$30,000,000 and to approve \$97,000,000 in allocation for 07-159 Montague Residence Apartments. Upon a second, the item passed 3-0 with the following vote: Anne Sheehan: Aye; Rick Chivaro: Aye; Treasurer Bill Lockyer: Aye

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
ABAG Finance Authority for Nonprofit Authority (07-159)	Montague Residence Apartments	\$97,500,000	\$97,500,000

**General Pool**

The General Pool received fourteen applications requesting \$197,039,159 in allocation.

Joanie Jones Kelly stated that the following Agenda Item would be presented as a separate item to the Committee. Rick Chivaro left the meeting.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
Housing Authority of the City of San Diego (07-178)	Parkside Apartments	\$17,114,159	\$17,114,159

Anne Sheehan moved approval of staff’s recommendation. Upon a second, the item passed 2-0 with the following vote: Anne Sheehan: Aye; Treasurer Bill Lockyer: Aye; Rick Chivaro: Abstained.

Rick Chivaro rejoined the meeting.

Joanie Jones Kelly stated that staff recommends approval of the remaining thirteen projects in the General Pool for a total of \$179,925,000.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
California Statewide Communities Development Authority (07-206)	Campus Pointe Apartments	\$15,190,000	\$15,190,000
Housing Authority of the County of Santa Barbara (07-160)	Parkview Apartments	\$4,000,000	\$4,000,000
Housing Authority of the	Boulevard Apartments	\$6,000,000	\$6,000,000

City of San Diego (07-177)			
Housing Authority of the City of Sacramento (07-180)	Rio Linda Apartments	\$3,540,000	\$3,540,000
Housing Authority Of the County of Los Angeles (07-181)	Villas Gardenias Senior Apartments	Withdrawn	Withdrawn
Housing Authority of the City of San Diego (07-184)	Bay Vista Methodist Heights Apartments	\$27,000,000	\$27,000,000
California Municipal Financing Authority (07-187)	Shinsei Gardens Apartments	\$11,000,000	\$11,000,000
California Municipal Financing Authority (07-188)	East Rancho Verde Apartments	\$7,000,000	\$7,000,000
Anaheim Housing Authority (07-191)	Belage Manor Apartments	\$24,215,000	\$24,215,000
California Statewide Communities Development Authority (07-196)	David Avenue Apartments	\$9,750,000	\$9,750,000
California Statewide Communities Development Authority (07-198)	Bakersfield Family Apartments	Withdrawn	Withdrawn
California Statewide Communities Development Authority (07-200)	Spring Valley Portfolio Apartments	Withdrawn	Withdrawn
California Statewide Communities Development Authority (07-202)	Garden Manor Apartments	Withdrawn	Withdrawn
California Statewide Communities Development Authority (07-203)	Almaden 1930 Apartments	\$27,910,000	\$27,910,000

California Statewide Communities Development Authority (07-204)	Heritage Park Apartments	\$30,000,000	\$30,000,000
California Statewide Communities Development Authority (07-205)	Horizons at Olive Street Apartments	\$9,100,000	\$9,100,000
California Statewide Communities Development Authority (07-207)	Villa Monterey Apartments	\$6,570,000	\$6,570,000
California Statewide Communities Development Authority (07-209)	Montego Falls Apartments	\$13,840,000	\$13,840,000

Anne Sheehan moved approval of staff’s recommendation. Upon a second, the item passed 3-0 with the following vote: Anne Sheehan: Aye; Rick Chivaro: Aye; Treasurer Bill Lockyer: Aye.

**Consideration of Staff’s Recommendation to Transfer Unused Allocation Remaining on December 31, 2007 to a Program Pool or Pools as Determined by the Committee and Award Such Allocation to a Statewide Issuer or Issuers on a Carry Forward Basis** (Agenda Item 8) (Action Item)

Program Manager Misti Armstrong stated that after the December 5, 2007 allocations have been made, there will be a 2007 approximate allocation balance remaining of \$167.8 million. This amount is likely to increase as projects that have received bond authority may issue only a portion of their allocation or fail to issue bonds entirely. In order to ensure that no amount of allocation is lost, staff is recommending that the remaining allocation as of December 31, 2007 be made available to the California Housing Finance Agency’s Single Family Housing Program.

Staff recommends that all allocation remaining as of December 31, 2007, except for \$35,000,000, be transferred to the Single Family Housing Program Pool and the balance be awarded to the California Housing Finance Agency on a carryforward basis.

Anne Sheehan moved to approve whatever surplus allocation remaining as of December 31, 2007 to CalHFA Single-family program. Upon a second, the item passed 3-0 with the following vote: Anne Sheehan: Aye; Rick Chivaro: Aye; Treasrer Bill Lockyer: Aye.

Rick Chivaro left the meeting.

Staff recommends that the Exempt Facility Pool receive \$35,000,000 for the Pacific Ethanol, Inc. project.

Anne Sheehan moved approval of staff's recommendation. Upon a second, the item passed 2-0 with the following vote: Anne Sheehan: Aye; Treasurer Bill Lockyer: Aye; Rick Chivaro: Abstained.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
California Statewide Communities Development Authority (07-210)	Pacific Ethanol Imperial, LLC & Pacific Ethanol Stockton, LLC	\$35,000,000	\$35,000,000

Rick Chivaro rejoined the meeting.

Public Comment (Agenda Item 9)

There was no public comment.

Adjournment (Agenda Item 10)

The meeting adjourned at 2:17 p.m.